

# KENTUCKY ECONOMIC INDICATORS

November 2007 as of February 1, 2008

## **KY Composite Index of Leading Indicators increased by 0.7 percent in November.**

- The Leading Index increased for the seventh time this year.
- Year-over-year the index was down by 0.3 percent.
- The component indicators leaned positive, 3:2.
  - + KY Labor Intensity Index increased 0.1 percent.
  - + KY Index of Initial UI Claims increased by 19.2 percent.
  - + US Retail Sales increased by 13.4 percent.
  - US Manufacturer's New Orders Index decreased by 4.0 percent.
  - Louisville Help Wanted Index declined by 4 points to 19.0.

*Component weights for November are 69.2, 12.9, 11.7, 4.9 and 1.2 respectively.*

## **KY Composite Index of Coincident Indicators increased by 1.5 percent in November.**

- The Coincident Index is positive for the eighth time this year.
- Year-over-year growth is positive for the fifty-second consecutive month at 1.4 percent.
- Component indicators leaned positive, 2:1.
  - + KY Nonagricultural Employment increased 0.8 percent.
  - + US Industrial Production Index increased 3.7 percent.
  - US Personal Income Less Transfers decreased 0.0 percent.\*

*\* US Personal Income declined by an amount less than \$100 million. This decrease is less than 0.05 percent. Component weights for November are 37.6, 31.4 and 18.5 respectively. Component weights do not sum to one because the two US components were discounted to give the Kentucky component more weight.*

The Kentucky Leading Index rose slightly for November. Three of the five components were positive for November. This is the ninth consecutive time that the Kentucky Leading Index has alternated in sign. On net, the index has declined slightly during the last 12 months, down 0.3 percent over last November. Despite several increases in the last 12 months, the Kentucky Leading Index has fallen by a full point since January 2006. The November value for the index was weighed down heavily by the near-zero value of the Kentucky Labor Intensity Index.

The Kentucky Labor Intensity Index performed well in September and October, but slowed substantially in November. The Kentucky Labor Intensity Index rose by only 0.1 percent in November. The Labor Intensity Index is down by a net two-tenths of a point (0.2 percent) over last November. There is no single industry that drove the increases for the recent three months. Employment in Chemical Products and Fabricated Metals rose moderately in all three months. Similarly, average weekly hours rose steadily from August to October for Wood Products (previously called Lumber products). There was a small increase in average weekly hours in the Transportation Equipment industry.

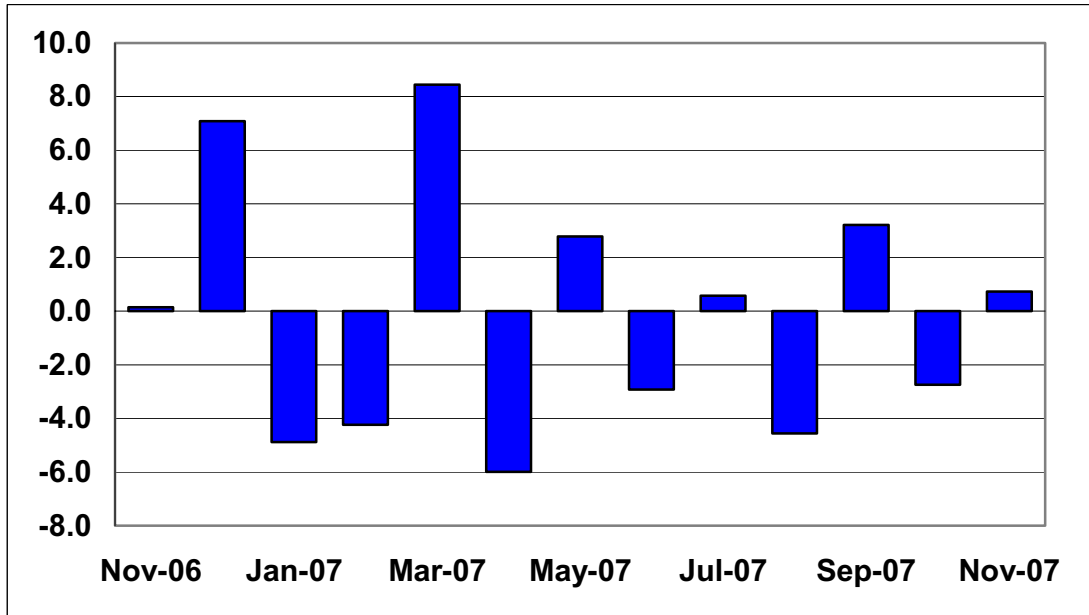
The Kentucky Index of Unemployment Insurance Initial Claims was strongly positive in November, following a large decline in October. Kentucky First Payments fell substantially in November, essentially nullifying the large increase from October. US Initial Claims increased by 3.9 percent for November. US Initial Claims increased substantially in September and October followed by the more moderate increase in November. While there are some signs of increasing unemployment claims, there is no clear uniform signal from either the Kentucky or the US data during the last four-month period.

US Retail Sales also increased moderately in November. This is the strongest showing in US Retail Sales since May 2007. US Retail Sales are up a solid 5.9 percent over last November.

The Louisville Help Wanted Index fell to its all-time low of 19. This is the seventh decline in the last 12 months. The Index has lost precisely half of its value since last November. The Louisville Help Wanted Index fell sharply during the 2001 recession. By the end of 2001, the index started to flatten out. Over the next six years the index has fallen from 60 to 19. With the exception of the brief period in early 2002, there has been no period of expansion in the Louisville Help Wanted Index to date.

Kentucky non-farm employment has made small gains for the last four consecutive months. This is promising, considering that there were two declines in June and July 2007. Non-farm employment is up a net 13,700 seasonally adjusted jobs over November 2006. This is slightly lower than the November US month-over-same-month last year growth of 1.1 percent. Neither growth rate should be considered strong or even moderate.

Our indices are compiled and published on a monthly basis, roughly two weeks following the Conference Board release of the U.S. Leading Index. A complete description of the Index of Leading Indicators and methodology was published in the University of Kentucky Center for Business and Economic Research *Kentucky Annual Economic Report, 2000*.



### About the Indicators

#### Kentucky Reference Series

Inflation-adjusted personal income less transfer payments and policy-adjusted general fund tax receipts are combined to form the GOEA composite reference series.

#### Kentucky Leading Indicators

- **KY Labor Intensity Index:** Composed of seasonally adjusted weekly hours multiplied by employment for the following manufacturing industries: Lumber products; chemical and allied products; petroleum, coal, rubber and plastic products; fabricated metals and transportation equipment.
- **KY Initial Unemployment Insurance (UI) Claims Index:** This index has two components: Kentucky claims in their first month of payment and total U.S. initial claims. Additional claims for UI are the subset of initial claims filed by workers who have previously filed UI claims but are currently filing new claims with intermittent workforce attachment since their original claim. The claims in their first month of payment without intermittent qualified experience performed better in the testing process and were chosen accordingly.
- **U.S. Retail Sales:** During turning points in the Kentucky economy, U.S. Retail Sales was not strictly concave or convex to the origin. For this reason inflexion points were used to test turning points in the U.S. Retail Sales series. U.S. Manufacturing and Trade Sales performed better than U.S. Retail Sales in testing, but because U.S. Manufacturing and Trade Sales was not published in a timely manner it had to be removed from the Kentucky Leading Index.
- **U.S. Manufacturer's New Orders Index:** This index has two components: US Manufacturer's New Orders for Nondefense Capital Goods and US Manufacturer's New Orders for Consumer Goods and Materials. Separately these two series slightly missed one or two turning points in the official reference series. But together they preceded each turning point.
- **Louisville Help-Wanted Index:** The Conference Board computes an index of help-wanted advertisements for major regions across the United States; Louisville is the only city in Kentucky covered by the Conference Board.

#### Table Notes:

- 1) Growth rates are computed with precise numbers. Due to rounding, two observations may have the same reported value but still exhibit growth at a more precise level.
- 2) More information is available on our website, [www.osbd.ky.gov](http://www.osbd.ky.gov)

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# SELECTED KENTUCKY ECONOMIC INDICATORS SEASONALLY ADJUSTED

2006

2007

	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV
KY Leading Index (1992=100)	112.9	113.5	113.0	112.6	113.4	112.8	113.1	112.8	112.8	112.4	112.7	112.4	112.5
% Chg Previous Month SAAR	0.2	7.1	-4.9	-4.2	8.5	-6.0	2.8	-2.9	0.6	-4.6	3.2	-2.7	0.7
% Chg Same Month Last Year	-0.3	0.2	-0.5	-0.6	0.0	-0.5	0.1	-0.4	-0.2	-0.3	-0.2	-0.4	-0.3
KY Leading Index Diffusion Index	66.7	66.7	70.0	66.7	70.0	63.3	66.7	53.3	56.7	56.7	60.0	63.3	63.3
KY Coincident Index (1992=100)	135.7	136.2	136.1	136.5	136.7	136.8	136.8	137.0	137.4	137.4	137.6	137.4	137.6
% Chg Previous Month SAAR	-0.2	4.1	-1.0	4.0	1.7	1.0	-0.6	2.1	3.1	0.6	1.6	-1.6	1.5
% Chg Same Month Last Year	1.9	1.9	1.6	1.8	1.6	1.5	1.5	1.3	1.6	1.5	1.6	1.2	1.4
KY Non-farm Employment (000s)	1,846.1	1,850.9	1,854.3	1,854.1	1,858.8	1,856.7	1,856.8	1,854.6	1,853.4	1,853.8	1,856.6	1,858.5	1,859.8
% Chg Previous Month SAAR	1.4	3.2	2.2	-0.1	3.1	-1.3	0.1	-1.4	-0.8	0.3	1.8	1.2	0.8
% Chg Same Month Last Year	0.6	0.9	0.7	0.6	0.5	0.8	0.6	0.5	0.8	0.4	0.6	0.8	0.7
KY Private Services Employment (000s)	1,162.1	1,164.8	1,169.7	1,170.3	1,175.5	1,169.6	1,171.3	1,170.5	1,169.6	1,170.3	1,170.6	1,172.8	1,173.3
% Chg Previous Month SAAR	1.5	2.8	5.2	0.6	5.5	-5.9	1.8	-0.8	-0.9	0.7	0.3	2.3	0.6
% Chg Same Month Last Year	1.1	1.3	1.3	1.3	1.0	1.0	1.0	0.8	1.0	1.0	0.8	1.0	1.0
KY Mfg Employment (000s)	260.6	262.1	260.9	259.7	255.7	260.1	257.0	257.4	257.3	254.4	256.0	255.4	255.3
% Chg Previous Month SAAR	5.7	7.1	-5.4	-5.4	-17.0	22.7	-13.4	1.9	-0.5	-12.7	7.8	-2.8	-0.5
% Chg Same Month Last Year	-1.0	0.1	-0.9	-1.3	-2.8	-0.9	-1.8	-1.8	-0.1	-2.6	-2.0	-1.5	-2.0
KY Unemployment Rate (%)	5.6	5.4	5.6	5.7	5.4	5.3	5.5	5.4	5.7	5.6	6.1	5.6	5.0
KY Index of Initial UI Claims (1992=100)	102.7	103.5	103.9	102.2	103.6	102.7	104.0	103.7	104.2	103.4	103.9	101.4	102.9
% Chg Previous Month SAAR	-4.8	10.1	3.8	-17.6	17.2	-9.5	15.7	-3.7	6.4	-8.3	5.8	-25.5	19.2
% Chg Same Month Last Year	-1.0	-0.3	-1.1	-2.0	-0.4	-1.5	0.9	-0.2	0.6	1.0	1.1	-1.7	0.2
KY Labor Intensity Index (1992=100)	104.8	104.9	105.0	104.8	104.6	104.7	104.6	104.5	104.5	104.4	104.5	104.6	104.6
% Chg Previous Month SAAR	0.0	1.7	0.3	-1.8	-1.9	1.0	-1.1	-1.6	0.3	-1.7	1.6	1.1	0.1
% Chg Same Month Last Year	0.0	0.0	-0.1	-0.3	-0.5	-0.3	-0.3	-0.6	-0.4	-0.6	-0.4	-0.2	-0.2
Louisville HWI (1992=100)	38.0	42.0	35.0	31.0	43.0	29.0	30.0	28.0	23.0	22.0	23.0	23.0	19.0
% Chg Previous Month SAAR	91.3	232.3	-88.8	-76.7	4,973.2	-99.1	50.2	-56.3	-90.6	-41.3	70.5	0.0	-89.9
% Chg Same Month Last Year	-26.9	-19.2	-20.5	-26.2	7.5	-27.5	-14.3	-24.3	-32.4	-31.3	-34.3	-36.1	-50.0
GF Total Tax Receipts (\$ mill)	630.7	881.4	682.8	544.3	652.7	671.9	784.7	788.6	608.6	566.5	822.3	639.4	624.7
% Chg Same Month Last Year	-0.1	5.4	0.2	7.1	9.1	-11.2	11.3	-2.5	5.2	2.4	-1.5	1.5	-1.0
GF Sales & Use Receipts (\$ mill)	223.8	238.9	286.2	193.6	212.5	202.4	270.9	243.0	251.0	241.8	235.5	246.7	236.1
% Chg Same Month Last Year	2.4	4.4	-1.0	1.3	3.9	-12.2	15.1	5.3	0.7	4.9	5.1	1.7	5.5
GF Income Tax Receipts (\$ mill)	242.6	269.2	202.1	227.1	204.0	283.4	337.8	289.0	249.2	240.6	332.9	265.6	236.9
% Chg Same Month Last Year	3.7	5.9	-8.5	14.1	19.0	-16.7	58.6	11.4	9.0	5.8	18.1	6.9	-2.3

# SELECTED U.S. ECONOMIC INDICATORS SEASONALLY ADJUSTED

	2006					2007											
	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV				
% Chg Same Month Last Year	-0.2	0.1	-0.5	-0.6	-0.4	-0.4	0.2	-0.1	0.6	0.7	0.4	-0.2	-0.6				
US Coincident Index (1996=100)	123.0	123.4	123.3	123.5	123.8	124.0	124.1	124.3	124.7	124.9	125.0	125.0	125.1				
% Chg Previous Month SAAR	0.0	4.0	-1.0	2.0	3.0	2.0	1.0	2.0	3.9	1.9	1.0	0.0	1.0				
% Chg Same Month Last Year	2.2	2.2	1.8	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.0	1.6	1.7				
US Non-farm Employment (Mil.)	136.9	137.2	137.3	137.4	137.6	137.7	137.9	138.0	138.1	138.2	138.2	138.4	138.5				
% Chg Previous Month SAAR	1.7	2.0	1.4	0.8	1.5	1.1	1.7	0.6	0.8	0.8	0.4	1.4	1.0				
% Chg Same Month Last Year	1.7	1.7	1.6	1.5	1.4	1.4	1.5	1.4	1.3	1.3	1.1	1.2	1.1				
US Service-Providing Employment (mil.)	114.4	114.6	114.8	115.0	115.1	115.3	115.5	115.5	115.6	115.8	115.9	116.1	116.3				
% Chg Previous Month SAAR	2.6	2.4	1.3	1.9	1.5	1.7	2.1	0.8	1.1	1.7	0.9	2.1	1.7				
% Chg Same Month Last Year	1.9	1.9	1.9	1.8	1.8	1.8	1.9	1.9	1.8	1.8	1.7	1.7	1.6				
US Manufacturing Employment (000s)	14,143.0	14,131.0	14,130.0	14,113.0	14,090.0	14,072.0	14,069.0	14,050.0	14,046.0	14,001.0	13,986.0	13,963.0	13,950.0				
% Chg Previous Month SAAR	-1.9	-1.0	-0.1	-1.4	-1.9	-1.5	-0.3	-1.6	-0.3	-3.8	-1.3	-2.0	-1.1				
% Chg Same Month Last Year	-0.4	-0.5	-0.6	-0.7	-0.9	-1.1	-1.0	-1.3	-1.3	-1.5	-1.5	-1.4	-1.4				
US Unemployment Rate (%)	4.5	4.4	4.6	4.5	4.4	4.5	4.5	4.6	4.7	4.7	4.7	4.8	4.7				
US Manufacturer's New Orders Index (1996=100)	129.0	132.3	125.7	126.2	129.8	130.5	128.3	129.6	133.3	128.8	128.2	128.4	127.9				
% Chg Previous Month SAAR	0.1	34.7	-45.9	5.1	39.6	6.6	-18.3	13.2	40.4	-34.1	-5.2	1.4	-4.0				
% Chg Same Month Last Year	-6.0	-3.0	-5.3	-4.7	-4.0	-1.5	-2.9	-2.1	1.7	-0.5	-3.0	-0.5	-0.9				
US Initial Claims for UI (000s)	327.4	320.0	310.3	338.2	316.3	328.9	307.6	319.6	306.0	324.9	313.1	327.5	340.4				
% Chg Previous Month SAAR	64.5	-24.0	-30.9	181.0	-55.2	59.8	-55.2	58.3	-40.7	105.3	-35.8	71.5	59.0				
% Chg Same Month Last Year	3.8	1.9	6.9	10.9	3.0	5.5	-7.2	3.2	-2.1	2.7	-0.7	4.3	4.0				
US Industrial Production Index (1992=100)	111.5	112.2	111.7	112.5	112.4	113.1	113.0	113.5	114.2	114.1	114.2	113.7	114.0				
% Chg Previous Month SAAR	-4.9	7.8	-5.7	9.5	-1.1	6.9	-1.2	6.0	8.1	-1.4	1.1	-5.5	3.7				
% Chg Same Month Last Year	3.0	2.8	2.4	2.9	2.2	1.9	1.9	1.5	1.7	1.4	1.8	1.5	2.2				
US Personal Income Less Trans. (bil. 2000 chnd)	8,344.2	8,363.9	8,362.8	8,406.7	8,439.9	8,419.1	8,411.2	8,441.7	8,477.9	8,513.5	8,534.6	8,522.9	8,522.8				
% Chg Previous Month SAAR	5.0	2.9	-0.2	6.5	4.8	-2.9	-1.1	4.4	5.3	5.2	3.0	-1.6	0.0				
% Chg Same Month Last Year	4.1	3.5	3.4	3.7	4.0	3.6	3.9	3.6	4.4	4.8	4.2	2.6	2.1				
CPI, All Urban (1982-84=100)	201.9	202.8	203.2	203.9	205.1	206.0	207.4	207.8	208.0	207.7	208.3	208.9	210.6				
% Chg Previous Month SAAR	0.6	5.5	2.1	4.5	7.5	5.1	8.4	2.3	1.4	-1.7	3.2	3.6	10.0				
% Chg Same Month Last Year	2.0	2.5	2.1	2.4	2.8	2.6	2.7	2.7	2.4	1.9	2.8	3.5	4.3				
US Retail Sales (\$Billions)	363.1	367.9	367.2	369.3	372.9	371.7	377.7	374.7	376.9	377.2	380.2	380.3	384.3				
% Chg Previous Month SAAR	0.2	17.3	-2.3	6.9	12.2	-3.8	21.3	-9.0	7.2	0.9	10.2	0.4	13.4				
% Chg Same Month Last Year	4.4	5.8	2.2	3.6	4.4	2.8	5.1	4.0	3.7	3.6	5.0	4.8	5.9				
US Consumer Expectations (1966=100)	83.2	81.2	87.6	81.5	78.7	75.9	77.6	74.7	81.5	73.7	74.1	70.1	66.2				
% Chg Previous Month AR	-20.4	-25.3	148.5	-57.9	-34.3	-35.3	30.4	-36.7	184.5	-70.1	6.7	-48.6	-49.7				
% Chg Same Month Last Year	19.5	1.2	11.0	9.4	3.6	3.4	13.8	3.8	12.4	8.4	-5.2	-17.3	-20.4				
Ave. Prime Interest Rate (% NSA)	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.03	7.74	7.50				